

Notes of the Meeting

Finance Committee

Tuesday 18 March 2014, 14:00 – 16:00

at The Forum

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Present:

Mr Dominic Booth (Chair)

Mr Bill Matthews

Mrs Stella Thomas

In attendance:

Mr Brian Phillpot, Deputy Chair of the Authority (BTPA)

Mr Andrew Figgures, Chief Executive (BTPA)

Mr Ben Wright, Interim Authority Finance Director (BTPA)

T/ACC Mark Newton, Interim Director of Corporate Resources (BTP)

Mr Simon Hart, Head of Finance (BTP)

Ms Vicky Tanner, Income and Compliance Manager (BTPA)

Mr Lawrence Fatona, Charging Model Management Accountant (BTPA)

Apologies:

None

12/2014 Welcome

Non-Agenda

Mr Booth welcomed everyone to the meeting. Mr Booth expressed his sadness at the news that Liz Pike passed away over the weekend and passed on his condolences to Liz's family at this very difficult time.

13/2014 Minutes of Meeting 16 January 2014

Agenda Item 1

The minutes from the previous meeting were reviewed and approved.

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14/2014 Matters Arising

Agenda Item 2

All action points were covered later in the meeting or were not due to be presented until May 2014.

15/2014 London Underground Budget

Agenda item 3

T/ACC Newton presented the London Underground (“LU”) Budget paper to the Committee.

Simon Hart (“SH”) stated that the negotiations with LU had been difficult due to LU having concerns that their fees were being used to fund policing outside the LU area.

SH confirmed that he had agreed with LU that the BTP 2014/15 TfL/LU Funded Subdivision budget would be £52.618m (an increase of 0.2%) and 2014/15 Contribution to Centrally Organised Services (“CCOS”) £9.759m (an increase of 1.82%). SH noted that the LU subdivision had slightly less police officers and PSCOs compared to last year but a slight increase in police staff.

(Post meeting note – both Bill Matthews and Stella Thomas agreed to recommend the budget and overhead contribution via email)

Actions

- The Committee to recommend to the Authority that the BTP 2014/15 TfL/LU Funded Subdivision budget and Contribution to Centrally Organised Services are approved.

16/2014 BTP 2014/15 Overground Revenue Budget (“ORB”)

Agenda Item 4

SH presented the 2014/15 ORB paper to the Committee. The total 2013/14 ORB, as presented at the December 2013 Authority meeting, of £207.178m (which includes the BTPA executive budget of £1.919m) was an increase of 1.6% compare to prior year.

SH stated that the DfT had granted BTPA a delegated expenditure limit (DEL) of £2m. This is the amount that BTPA’s expenditure can exceed external income and therefore equals the anticipated draw down from reserves. BTP proposed that £0.9m be used to fund the Accelerated IT Strategy and noted that the remaining £1.1m could be used to reduce the 2014/15 Provisional PSA charges.

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The Committee discussed the possibility of using the £1.1m reserve proportionally across all PSA holders to reduce the charges using the 2014/15 matrix charging model.

Andrew Figgures (“AF”) stated that he supported the use of the £1.1m to reduce the 2014/15 Provisional PSA charges as long as this did not have a detrimental impact on BTP operations or the calculation of the 2014/15 actual PSA charges.

Brian Phillpott (“BP”) stated that he supported the use of the £1.1m to reduce the 2014/15 Provisional PSA charges and that the Chair of the Committee also supported this.

Ben Wright (“BW”) noted that these charges were provisional and that the actual charges would be calculated in 2015 when actual data was available.

BW noted that the actual charges for 2013/14 would be calculated once actual data was available and that this work would commence in April/May 2014.

(Post meeting note - Bill Matthews and Stella Thomas agreed to recommend that £0.9m is used fund the Accelerated IT Strategy and £1.1m is used to reduce the 2014/15 Provisional PSA charge)

Actions

- The Committee to recommend to the Authority that £0.9m is used fund the Accelerated IT Strategy and £1.1m is used to reduce the 2014/15 Provisional PSA charge.

17/2014 BTP Budget 2014/15 - Capital Programme

Agenda Item 6

SH presented the latest Capital Programme to the Committee. The original Capital Programme that had been approved by the Authority in January 2014 had been revised to bring forward £1.5m of the accelerated Technology Programme this was funded by a reduction in the Estates (£1m) and Corporate Resources (£0.4m) programme and an increase in the Delegated Expenditure Limit (“DEL”) contingency of £0.5m (as DfT have confirmed that capital DEL for 2014/15 is £11.6m).

Actions

- The Committee to recommend to the Authority that the revised Capital Programme is approved.

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18/2014 Contingency Reserve

Agenda Item 7

BW presented the contingency reserve paper to the Committee. The financial assessment of risks has been estimated as between £2.2m and £6.6m, the most likely value has been estimated to be £4.4m.

It was noted that the mid-point is currently higher than the contingency reserve of £3.5m. Dominic Booth (“DB”) noted that the calculation of the £4.4m did not include any potential opportunities. AF noted that at the next Authority meeting the Audit and Risk Committee were proposing to remove two of the risks. BW noted that the contingency reserve could be increased by RPI at the end of the year.

T/ACC Newton provided an update on risk SR67 Contractual Dispute and stated that BTP were currently taking legal advice regarding the dispute and weighing up whether to proceed with legal action.

19/2014 Gross Budget

Agenda Item 5

BW presented the gross budget paper to the Committee. AF explained that the enhanced police service agreements were an opportunity to BTPA and that the value included in the paper was the value of signed EPSAs and did not include some potential new EPSAs. AF confirmed that the Committee would be kept informed of new/amended EPSAs and that the annual EPSA statement would be presented to the Committee in July.

Closed session of the meeting due to commercial sensitivities.

21/2014 2014/15 Provisional PSA Charges

Agenda Item 8

DB declared an interest in the Abelio Group – Mersey Rail, Greater Anglia and Northern Rail before the paper was presented.

BW presented the 2014/15 Provisional PSA Charges paper. The paper had been prepared before the use of £1.1m to reduce charges (refer to paragraph 16/2014). BW confirmed that the paper would be updated for the March Authority meeting.

BW explained the three methods for charging PSA holders (Freight PSA Holder – Proportion of Crimes, Non-core PSA Holders – Fixed amount reviewed annually, and Core PSA Holders – Matrix Charging Model)

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BW confirmed that all PSA agreements had been signed and that all Core PSA holders, with the exception of Virgin West Coast, would be paying by direct debit.

There are two Freight PSA Holders who are charged by their percentage of recorded crimes. DB raised a concern as to whether the Freight PSA Holders understood the potential volatility to their charge and it was confirmed that they had been talked through the charging process so would be aware of this. BP asked whether the Authority had a minimum charge and it was confirmed that this was not the case.

The non Core PSA holders 2013/14 charge was calculated by taking the 2013/14 charge and increasing it by 1.8% (which is consistent with the increase in the overground revenue budget).

BW presented the Core PSA charges to the Committee. BW confirmed that the Core PSA charges reflected the franchise changes and station transfers that are due to take place in 2014/15.

DB noted that that some of the train operating companies could query the increases in their charges and requested that the paper explaining the increases was reviewed in detail to ensure that it accurately explained the increases.

BW explained that the train operating companies will be sent a one page report that breaks down exactly how the PSA charges has been calculated.

AF requested the 2012/13 charges to compare the volatility in charges compared to 2013/14.

Actions

- BW to update the PSA charging paper to reflect the release of the £1.1m reserve
- BW to research the movement in the network access charges
- BW to complete a detailed review of all PSA Holders with increases in charges of 3% or more to understand exactly why there has been an increase
- BW to present the updated PSA charging paper to the Committee
- BTP to prepare a paper for the Committee to explain the construction of the BTP budget including a proposed method for constructing a budget from sector level to reflect the operational structure and the actual outturn of BTP. The paper to be presented to the May Committee meeting

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20/2014 Any Other Business

Agenda Item 9

DB congratulated T/ACC Newton on his recent appointment to ACC B Division for BTP.

Date of next meeting: 15 May 2014

Signed.....

Chairman